

DEPARTMENT OF SOCIAL SERVICES

744 P Street, Sacramento, CA 95814



May 4, 1988

ALL COUNTY LETTER NO. 88-41

TO: ALL COUNTY WELFARE DIRECTORS

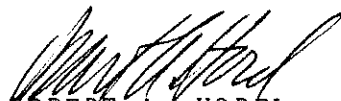
SUBJECT: REDUCED INCOME SUPPLEMENTAL PAYMENTS (AFDC, RCA, ECA, RDP)

REFERENCE: ACL 86-110, ACL 86-122, ACL 87-30, ACL 87-128

On January 1, 1987, AFDC emergency regulations (ORD No. 0986-45) implementing hardship supplemental payments (HSP) for AFDC, RCA, ECA, and RDP recipients went into effect. Implementing instructions were issued in All County Letter (ACL) 86-110. Fiscal claiming instructions were issued in ACL 86-122. ACL 87-30 provided answers to questions concerning HSPs. ACL 87-128 transmitted information about the name change from Hardship Supplemental Payments to Reduced Income Supplemental Payments (RISP) including a revised version of the Reduced Income Supplemental Payment Request Form (CA 40), notices of action (NOA), and NOA handbook messages.

This letter provides information about the treatment of eligibility for and/or payment of a RISP when the regular grant amount was overpaid or underpaid for the same month in which a client requested a RISP. Please refer to the attachment for a discussion of the issue with examples and for revisions to ACL 87-30.

If you have questions concerning information in this letter or about supplemental payments in general, please contact Judy Moore at (916) 324-2017 or ATSS 454-2017.


ROBERT A. HOREL
Deputy Director

Attachment

cc: CWDA

TREATMENT OF RISP ELIGIBILITY IN MONTH OF UNDER/OVERPAYMENT OR
MONTH OF AID PAID PENDING

Following the implementation of the emergency regulations effective January 1, 1987, there arose the issue of how to treat eligibility for and/or payment of a RISP when the regular grant amount was overpaid or underpaid for the same month in which the client requested a RISP or in a month in which aid paid pending (APP) was paid.

Through ACL 87-30, we issued instructions for determining eligibility for a RISP by using the correct grant amount when it was known to the county that the grant amount paid was in error. If the regular grant was overpaid, the overpayment was to be collected in accordance with MPP Section 44-350. If the regular grant was underpaid, the underpayment was to have been corrected as soon as possible during the month in which the RISP was requested (see ACL 87-30, Q&A #25 and 28).

Based on a revision to MPP Section 44-402.2, the RISP is to be computed using the actual grant amount paid, regardless of whether or not the amount is later discovered to have been in error. MPP Section 44-402.2 states specifically that the net available income is determined by adding the "retrospectively budgeted grant amount" to other available income. The same principles apply to aid paid pending (ACL 87-30, Q #17).

The following examples illustrate the change (the figures are applicable to all of the examples):

AU = 4, MAP = \$734)
(80% of MAP = \$587)

EXAMPLE 1. OVERPAID GRANT GREATER THAN 80% of MAP

The grant amount the AU should have received in January based on its income was \$520. The county incorrectly paid the AU \$620. The AU requested a RISP in January. The \$620 grant amount is used to determine eligibility for a RISP and is used in the CA 40 computation since the \$620 is available to the AU in January. There is no eligibility for a RISP because \$620 is greater than \$587 (80% of MAP). The \$100 overpayment (\$620 - 520) is subject to collection, in accordance with MPP Section 44-350, as any other overpayment would be. Please note that an overpayment is not to be reduced by balancing the amount of the RISP against the overpayment.

EXAMPLE 2. OVERPAID GRANT LESS THAN 80% OF MAP

The grant amount the AU should have received in April based on its income was \$570. The county incorrectly paid the AU \$585. The AU requested a RISP in April. The \$585 grant amount is used to determine eligibility for a RISP and is used in the CA 40 computation since \$585 is available to the AU. There is eligibility for a \$2 RISP in April because \$585 is less than \$587 (80% of MAP). The \$15 overpayment (\$585 - 570) is subject to collection as described in Example 1.

EXAMPLE 3. UNDERPAID GRANT LESS THAN 80% OF MAP

The grant amount the AU should have received in May based on its income was \$520. The county incorrectly paid the AU \$500. (There is a duty upon the county to correct an underpayment when it is discovered.) Prior to the county issuing an underpayment correction of \$20, the AU requested a RISP in May. In this instance, the \$500 grant amount is used to determine eligibility for a RISP and is used in the CA 40 computation since \$500 is available to the AU in May. There is eligibility for \$87 (\$587 - 500). However, \$20 is the underpayment amount for the regular grant and \$67 is the actual amount of the RISP (\$587 - 520). This factor must be accounted for through fiscal claiming, since RISPs are State funded without FFP. Therefore, \$67 should be claimed under State funds. The \$20 underpayment should be claimed as an underpayment of the regular AFDC grant. If the \$20 underpayment is corrected prior to the request for and/or issuance of the RISP, the RISP shall be based on the corrected payment.

CHANGES TO ACL #87-30

Questions #17, 25, and 28 in ACL 87-30, require revision based on the changes discussed above. The questions and the revised answers follow:

17. Q: Does eligibility exist for a RISP (HSP) when a recipient is receiving aid paid pending (APP)?

A: APP is paid as aid would have been paid had the proposed action not been taken, in accordance with MPP Section 22-022.5. The aid paid from the date of proposed discontinuance to the date that full eligibility is reestablished is considered APP which is subject to recovery if the recipient reestablishes eligibility during the APP period but loses the hearing decision. For purposes of computing eligibility for a RISP, the amount of APP the client receives would be considered as the amount of aid paid that month. If a client received at least 80% of MAP in the form of APP, there would be no eligibility for a RISP.

25. Q: How would the RISP (HSP) be computed for the following example? The CWD made an error and paid a recipient \$250 for her January AFDC warrant. She should have received only \$12. The recipient lost her job in January and requested a RISP (HSP). Should the CWD let the \$238 stand as an overpayment and compute the RISP (HSP) as if the \$250 had not been received?

A: No. The RISP should be computed based on the grant amount which the recipient actually received since it was available for the AU to live on for the month in which the RISP was requested.

28. Q: How are cases to be treated when a recipient's original grant is underpaid and the recipient applies for a RISP (HSP)?

A: When the county has not issued an underpayment correction of the original grant (in accordance with MPP 44-340) at the time the RISP is requested, then the RISP should be computed based on the underpaid grant. Claim the underpayment amount as an underpayment of the regular AFDC grant, and claim the RISP amount as a State funded RISP. If the underpayment of the original grant has been corrected prior to the payment of a RISP, eligibility for a RISP would be based on the correct grant amount.